

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1240 (Delegate Barve, *et al.*)
Economic Matters

Economic Development - Science and High Technology Coordinator

This bill requires the Department of Business and Economic Development (DBED) to designate a science and high technology coordinator. The coordinator must:

- liaison between DBED, institutions of higher education, federal laboratories and research institutes, and technology based businesses in the State;
- educate DBED staff on science and high technology resources;
- inventory technology based businesses;
- provide specified information on business needs and available resources; and
- report annually on the number and types of technology based businesses in the State, and the relevant issues to these businesses.

Fiscal Summary

State Effect: General fund expenditures would increase by \$159,900 in FY 1998, which accounts for the bill's October 1, 1997 effective date and includes \$30,000 in one-time costs. Out-year expenditures reflect annualization and inflation. Revenues would not be affected.

| (in dollars) | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| GF Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditures | 159,900 | 169,100 | 173,400 | 177,900 | 182,500 |
| Net Effect | (\$159,900) | (\$169,100) | (\$173,400) | (\$177,900) | (\$182,500) |

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: Minimal impact on small businesses as discussed below.

Fiscal Analysis

State Effect: Currently, DBED's Office of Federal Response and Technology Commercialization is involved in high technology liaison activities. This office also handles military base reuse activities as well as incubator construction activities. Parts of DBED's Division of Regional Development are also involved in working with the high technology and university communities.

The bill requires in-depth research and coordination in some particular areas that are not currently covered. DBED would need to conduct a thorough assessment of the missions of the resources available at the various universities and federal research facilities for workforce training, research initiatives, and intern placements. The bill requires DBED to perform an inventory of technology based businesses, which is a rather volatile sector of the economy. It also requires the compilation of information on licensing opportunities for technologies developed by universities and federal research facilities.

General expenditures could increase by an estimated \$159,000 in fiscal 1998, which accounts for the bill's October 1, 1997 effective date. This estimate reflects the cost of hiring one Industrial Development Supervisor to coordinate high technology related functions within DBED and liaison with the public and private high technology communities. It includes a salary, fringe benefits, one-time start-up costs, consulting fees, and ongoing operating expenses. The estimate includes \$30,000 for implementing a database system. It also includes \$75,000 for consulting fees to handle data compilation on technology businesses and resource issues; this fee would be approximately \$100,000 annually.

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|---|------------------|
| Salary and Fringe Benefits | \$44,800 |
| Consulting Fees | \$75,000 |
| One-Time Database Implementation | 30,000 |
| Other Operating Expenses | <u>9,200</u> |
| Total FY 1998 State Expenditures | \$159,000 |

Future year expenditures reflect (1) a full salary with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

Small Business Effect: To the extent that the information and services provided through the high technology coordinator are used, small businesses in the high-technology sector could be positively impacted. There are a minimum of 1,100 high-technology firms in Maryland; while it is not known exactly how many would qualify as small businesses (50 or fewer

employees), most have fewer than 100 employees.

Information Source(s): Department of Business and Economic Development, Suburban Maryland High Technology Council, Department of Fiscal Services

Fiscal Note History: First Reader - March 4, 1997
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